

Retirement Report

Bi-Annual Update for Nebraska School Employer Contacts

Spring 2010

Summer Workshops

The summer employer workshops are approaching us and we hope to see everyone as these provide great information. The registration forms will be available soon. The dates and locations are as follows:

- ◆ **July 20, 2010 – Gering**
Gering Civic Center, 1050 M St.,
Gering, NE 69341
- ◆ **July 21, 2010 – North Platte**
Holiday Inn Express,
300 Holiday Frontage Rd.,
North Platte, NE 69103
- ◆ **July 22, 2010 – Kearney**
Educational Service Unit #10, 76 Plaza Blvd.,
Kearney, NE 68848
- ◆ **July 28, 2010 – Lincoln**
SECC, 301 S. 68th St., Lincoln, NE 68510
- ◆ **July 29, 2010 – Norfolk**
NECC, 801 E. Benjamin Ave.,
Norfolk, NE 68701
- ◆ **July 30, 2010 – Omaha**
Educational Service Unit #3,
6949 South 110th St., Omaha, NE 68128

APPLYING FOR RETIREMENT BENEFITS

Please remind your employees to contact NPERS in writing, by telephone, or in person at least three months before their anticipated retirement date. Retirement benefits will not start automatically.

LATE INTEREST

When reporting adjustments for prior months/years, late interest will be calculated to make the members account “whole.” The late interest is the responsibility of the employer.

NPRIS Steps



The Nebraska Public Retirement Information System (NPRIS) has been in production since March 2009. Although the transition to NPRIS has been a smooth one, there have been some questions as to the order of the steps to take when reporting.

- 1** Create your report
 - Enter Start and End date
 - Enter Employer Contribution
 - Enter any outstanding Penalties or Late Interest
 - Enter any credit or debits in the over/under field
 - Choose payment type and method for uploading your report
- 2** After you upload your report, depending on the method you choose, you must “validate” your report.
- 3** After you validate the report, wait 5-10 minutes (depending on the size of your file). You will then be able to view/edit your records.
- 4** When necessary, edit and provide comments for individual records.
- 5** Confirm the report.

Secure Email

Many schools have requested the option to send Non-Contributing forms or other information containing Social Security Numbers electronically through email. This is **now available through a secure email system** set up by the State of Nebraska. For more information on this new option, please refer to the user guide included with this newsletter.

Demographics

To report an address change or when reporting a new employee, **you must enter a date of address change in your own payroll software system.** This information uploads into our system from your submitted file after your monthly report posts. This date must be within the month of the report you are submitting. For example, if you are going to be submitting the April 2010 Wage and Contribution report, you must enter a date of address change within the April 1 – April 30 date range.

NPRIS will not recognize an employee's address if you do not enter a "date of address change." This is very important as your employees will otherwise be unable to receive retirement account statements or any other correspondence from the Retirement office.

ONLINE REPORT – There has been some confusion when submitting new address information. Whenever address information is updated, whether for a new employee or an existing employee who has moved, your report must contain a **"date of address change."** To do so, you must enter a date of address change into your payroll fields before uploading the monthly report. Most payroll programs will include a field for this information or allow for the option to add one.

Software Unlimited has provided a screenshot illustrating where the "date of address change" field is located. This feature was included with our file requirements for your monthly reporting. All of the information is designed to extract and upload from your payroll records.

COPY FORWARD REPORT – After your file is copied, you can "Edit" an employee's record and enter the employee's new address. Click "Save" at the bottom of the screen when finished.

PAPER REPORT – When submitting a paper report, enter the new address in the "Changes/Corrections to Demographic Information" column on the right side of the employee's Wage and Contribution form.

This is an important procedure and will help NPERS reduce unnecessary costs for returned mail.

LONG TERM DISABILITY (LTD) INSURANCE

If a school district pays for or specifically increases an employee's salary to compensate for the Long Term Disability premium, it is considered a "fringe benefit" and the premium amount cannot be included in the employee's amount of total gross wages when calculating retirement contributions.

When a deduction for LTD comes directly from the employee's compensation without a reimbursement from the district, you must calculate retirement contributions before deducting the LTD amount.

Eligibility and Hours

Regular full-time or part-time employees who work 15 or more hours a week on an ongoing, regular basis are eligible and must contribute to the retirement plan. Employers are responsible for determining retirement eligibility for employees. If an employee's hours increase during the year to meet eligibility requirements, you must put them in the plan at that time. Not doing so will result in make-up contributions in which the employee and employer must make up the missed contributions along with late interest. Each employer may be asked to provide supporting documentation of why an employee is or is not eligible to contribute.

When an employee is providing service to more than one school district, all combined employment must be taken into consideration when determining eligibility. Be sure to ask an employee if he/she is employed in any other school district.

Hiring Retirees

A retiree must wait 180 days from the date of termination to begin providing service on a regular basis ***in any capacity*** to any NPERS employer participating in the Nebraska School Retirement Plan. Within the 180 days following retirement, the amount of hours a retiree is allowed to substitute is not defined; however, when a retiree is performing substitute duties during the absence of a permanent employee, it should be intermittent only. In special circumstances, please write to NPERS for a determination ***prior*** to employment. **Once the 180-day separation is satisfied and a retiree is rehired, they are considered a new employee, and if eligible, retirement participation is mandatory.**

Compensation

Compensation reported to NPERS must include gross wages or salaries payable to your employee for services performed during the plan year. This includes overtime/holiday pay, vacation/sick time that is used (unused time for which an employee is paid is not included), retroactive salary payments, amounts contributed under §§125, 403(b), 457 of the Internal Revenue Code, and extra duty pay.

(35)(a) Compensation means gross wages or salaries payable to the member for personal services performed during the plan year and includes (i) overtime pay, (ii) member retirement contributions, (iii) retroactive salary payments pursuant to court order, arbitration, or litigation and grievance settlements, and (iv) amounts contributed by the member to plans under sections 125, 403(b), and 457 of the Internal Revenue Code as defined in section 49-801.01 or any other section of the code which defers or excludes such amounts from income.

COMPENSATION NOT REPORTABLE—Compensation not reportable to NPERS includes, unused sick or vacation leave converted to cash, insurance premiums converted to cash, fringe benefits, bonuses for services not actually rendered including early retirement inducements/cash awards/severance pay, and reimbursements for expenses incurred.

(b) Compensation does not include (i) fraudulently obtained amounts as determined by the retirement board, (ii) amounts for unused sick or unused vacation leave converted to cash payments, (iii) insurance premiums converted into cash payments, (iv) reimbursement for expenses incurred, (v) fringe benefits, (vi) bonuses for services not actually rendered, including, but not limited to, early retirement inducements, cash awards, and severance pay, or (vii) beginning on September 4, 2005, employer contributions made for the purposes of separation payments made at retirement and early retirement inducements as provided for in section 79-514.

If you have any questions on reportable and non-reportable compensation, please contact NPERS for a determination.



Coaching and Extra Duty

If it is not possible to track exact hours worked, the school and the employee need to agree on a “fair” number of hours to report. The key point to remember is to be consistent when reporting extra hours with extra wages.

Enclosed are logging sheets for your use when tracking extra duty hours and documenting substitute employees. The logging sheets are only for your use and are not required to be sent in to NPERS.



NPERS is not informed of each school district's academic calendar or "snow day" policies, but it is apparent that due to Nebraska's inclement winter weather many districts have exceeded their allotted snow days.

If a district has exceeded its allotted "snow days" the result may be an extension of the academic calendar (see examples below):

Example A

2009/10 last day for staff was **May 26, 2010**; exceeded allotted snow days; last day is now **May 28, 2010**.

Example B

2009/10 last day for staff was **May 28, 2010**; exceeded allotted snow days; last day now **June 1, 2010**.

1. If the district submitted, in advance, a 'Non-Contributing School Member' form for terminating staff and their termination date is now different, you **must complete** a new 'Non-Contributing School Member' form correcting what was previously submitted.
2. **IMPORTANT – Example B**, above, will change a retiring members effective date of retirement and the timeframe in which an Application for Retirement can be filed.

NPERS will rely on the validity of the information submitted by each district. If you have any questions, please contact our office.

NON-CONTRIBUTING FORMS (NON-CONS)

Be sure to report accurate information! Our Benefits area relies on this information when calculating benefits. Incorrect information could hold up the retirement process. For example, termination dates, final contributions, and hours may not necessarily be the same date.

Adjustments

NPERS' rules and regulations limit the length of time for which excess contributions can be refunded. The member's portion of excess contributions can be refunded if the adjustment occurs *within two years* of the date the excess contributions were received. The employer's matching portion can be refunded if the adjustment occurs *within one year* of the date the excess contributions were received. Contributions received in error will *not* be adjusted if more than the allotted time (2 years – employee; 1 year – employer) has passed. The relevant Rule and Regulation (303 NAC Chapter 18) is as follows:

003 Excess Contributions – 003.01 *If NPERS determines that the retirement system has received excess employee contributions, NPERS shall return the excess employee contribution to the employer; and the employer shall return the excess employee contribution to the employee. 003.02 If NPERS determines that the retirement system has received excess employer contributions, NPERS shall credit the excess employer contribution against further employer contributions. Adjustments due to excess employer contributions shall be made within one year of the date the excess contribution was received by NPERS. If more than one year has passed since the date the contribution was received, the excess contribution shall not be adjusted.*

010 Statute of Limitations – 010.01 *Every claim demanded under these regulations and against NPERS or the Board shall be forever barred unless the action is brought within two years of the time at which the claim accrued.*

Once an employer is notified that contributions have been reported in error, it is the responsibility of the employer to discontinue any improper contributions and correct previous errors. Please contact NPERS for instructional assistance when reporting adjustments. (Compensation determined improper, even if not refunded, will not be considered when calculating a retirement benefit.)

RECORDKEEPING FOR CLOSED OR MERGED SCHOOLS

Maintaining records for closed or merged schools is a very important issue. When a school closes or is merged with another school, it is the responsibility of the receiving school to maintain the employees' records. This information is vital when determining years of service and when calculating future retirement benefits. Please keep these records available.



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